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INFO RUEHSS/OECD POSTS COLLECTIVE PRIORITY
RUEHGG/UN SECURITY COUNCIL COLLECTIVE PRIORITY
RUEHBJ/AMEMBASSY BEIJING PRIORITY 0302
RUEHJA/AMEMBASSY JAKARTA PRIORITY 0131
RUEHLJ/AMEMBASSY LJUBLJANA PRIORITY 1468
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0245
RUEHTN/AMCONSUL CAPE TOWN PRIORITY 0018
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L VIENNA 000243

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STATE FOR EB/IFD/ODF, EB/IFD/OMA, NEA/IR, IO/T, AND EUR/AGS

E.O. 12958: DECL: 02/02/2017

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SUBJECT: HALTING EXPORT CREDITS TO IRAN: AUSTRIAN MOF VIEWS

REF: A) VIENNA 181 B) STATE 4760

Classified By: Deputy Chief of Mission Scott Kilner for reasons 1.4
(b) and (d)

¶1. (C) Following up Charge's meeting with the Austrian MFA (ref A), DCM and Econ Unit Chief delivered ref B demarche on January 31 to Thomas Wieser, Director General of the Ministry of Finance's Economic Policy and Financial Markets Directorate. Wieser noted that Austria's stock of medium- and long-term export credits to Iran had declined by 30% during the last half of 2006 from Euro 1.1 billion to Euro 770 million. Wieser added that it is not clear whether the decline was due to a drop in Iranian demand or a reduction in Austrian supply. New requests for export credits to Iran "are one-tenth of what they used to be," he added. Wieser opined that the worsening political atmosphere in Tehran, U.S. pressure on Europeans to refrain from doing business in Iran, and UNSCR 1737 have all had a significant impact.

¶2. (C) Wieser stressed that Austria would not act unilaterally to take Iran off cover. While overall trade with Iran is small, Iran represents an important market for certain Austrian exporters. Wieser maintained that these exports are closely scrutinized by Austrian authorities, and authorized only in fields unrelated to Iran's nuclear or ballistic missile programs. Wieser added that the Ministry of Economy's export control regime made a special effort to educate Austrian exporters on prohibited dual-use items. Whatever restrictions were agreed at the EU level would be "seriously enforced" by Austria, he stated.

¶3. (C) Wieser opined that, although Austria could not and would not unilaterally eliminate export credits for Iran, in practice the actual figures were converging towards the U.S. goal of reduced trade. Wieser also promised (several times) that the MoF, which oversees Austria's export-import Kontrollbank, would not allow any "rush to approve Iranian export credits" in anticipation of further tightening of EU or international sanctions against Tehran.

¶4. (SBU) Comment: Austria's trade with Iran is minute, but it is a significant market for a handful of Austrian firms. Austrian exports to Iran in January-November 2006 were Euro 312.0 million, down 6% from the same period in 2005. Imports from Iran also declined during this period to Euro 131.7 million, a 30% drop compared to 2005. Exports to Iran represented only .32% of total exports from January-November 2006, while imports from Iran were only .09% of all imports.

